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TANGIPAHOLA ECONOMIC DEVELOPMENT FOUNDATION, INC.

**Financial Statements and Independent Auditor's Report
Year Ended June 30, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/8/02

Kenneth J. Franks, C.P.A., A.P.A.C.
Certified Public Accountant

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
As of and for the year ended June 30, 2002

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tangipahoa Economic Development Foundation, Inc.
P.O. Box 639
Harrison, Louisiana 70404

I have audited the accompanying statement of financial position of Tangipahoa Economic Development Foundation, Inc. (a nonprofit organization) as of June 30, 2002, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tangipahoa Economic Development Foundation, Inc. as of June 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.


Harrison, Louisiana

September 18, 2002

TANGIPAHUA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS:

Current Assets

Cash and cash equivalents:

Cash \$ 134,816

Certificates of Deposit 12,259

Total cash and cash equivalents 162,375

Appropriation Receivable 22,179

Total Current Assets 184,545

Property, Plant, and Equipment

Office & other equipment 36,514

Less: Accumulated depreciation (29,127)

Total Property, Plant, and Equipment 7,387

Total Assets \$ 183,920

LIABILITIES AND NET ASSETS:

Current Liabilities

Accounts payable \$ 1,724

Payroll taxes payable 1,785

Accrued salaries and related benefits 2,749

Total Current Liabilities 6,273

Long Term Liabilities 0

Total Liabilities 6,273

Net Assets

Unrestricted 179,753

Total Net Assets 179,753

Total Liabilities and Net Assets \$ 183,920

See Auditor's Report & accompanying Notes to Financial Statement

TANGIPARUA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2002

SUPPORT AND REVENUE

Grants and contracts	\$ 108,190
Membership dues	33,082
Fund raising	1,905
Miscellaneous	119
Interest	<u>3,007</u>

TOTAL SUPPORT AND REVENUE **176,373**

EXPENSES

Dues and Cost	2,700
Depreciation	1,429
Dues & Subscriptions	1,968
Equipment Lease	3,434
Employee Benefits	9,537
Insurance	1,913
Meetings	227
Miscellaneous	23
Office Expenses	2,819
Postage	1,268
Printing	9,450
Professional Fees	2,900
Rent	7,200
Repairs	394
Salaries & Related Expenses	64,194
Licenses & Permits	5
Telephone & Internet Service	4,883
Travel & Development	<u>3,678</u>

TOTAL EXPENSES **119,168**

INCREASE IN NET ASSETS **66,265**

NET ASSETS AT BEGINNING OF YEAR **113,248**

NET ASSETS AT END OF YEAR **\$ 179,513**

See Auditor's Report and Accompanying Notes to Financial Statement

TANGIPAHQA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 66,285
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,425
(Increase)/decrease in operating assets:	
Appropriation receivable	(22,130)
Increase (decrease) in operating liabilities:	
Accounts payable	829
Accrued payroll	1,197
Other accrued expenses	<u>1,345</u>
Net cash provided by operating activities	<u>48,741</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Payment for property and equipment	<u>(570)</u>
Net cash used by investing activities	<u>(570)</u>
Net increase in cash and cash equivalent	48,171
Cash and cash equivalent - Beginning of year	<u>114,204</u>
Cash and cash equivalent - End of year	<u>\$ 162,375</u>

See Auditor's Report and Accompanying Notes to Financial Statement

TANGIPAHULA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2002

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tangipahula Economic Development Foundation, Inc. (the Organization) is a nonprofit organization, which is governed by a board of directors. The Organization was formed in July 1958 to promote the business interest of the Parish of Tangipahula, Louisiana. The Organization is funded mainly through membership dues and state appropriations. They also receive funds from local fund raising activities, and donations from businesses and individuals. Consequently, the Organization's ability to earn revenue is affected by state governmental policies.

A. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. CONTRIBUTIONS

The Organization has also adopted SFAS No. 118, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted support depending on the existence or nature of any donor restrictions. The Organization received services donated by various individuals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 118.

C. BASIS OF ACCOUNTING

The accompanying financial statements of Tangipahula Economic Development Foundation, Inc. are being presented on the accrual basis of accounting as follows:

Revenues

Tangipahula Economic Development Foundation, Inc. receives a substantial portion of its revenues from grants. Revenues from grants are

TANGIPIHUA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)
Year ended June 30, 2002

reported in the period in which the revenue was earned. All other activities are recorded when realized.

Expenditures:

Expenditures are recorded in the period they are incurred.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes demand deposits and interest bearing demand deposits. Cash also includes amounts in the petty cash fund. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corp. (FDIC).

E. PROPERTY, PLANT, AND EQUIPMENT

Property and equipment are carried at cost. Donations of property and equipment are recorded as support at their estimated fair market value. Property and equipment are depreciated using the straight-line method at rates based on the following estimated useful lives:

Computers	5 years
Vehicle	5 years
Equipment	7 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the related costing gain or loss is included in the statement of activities. Depreciation expense for the year ending June 30, 2002 is \$1,425.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)
Year Ended June 30, 2002

G. INCOME TAXES

Tangipahoa Economic Development Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

H. VACATION AND SICK LEAVE

Full time employees earn vacation days as follows:

One through Five Years	Ten Days
Six through Ten Years	Fifteen Days
Over Ten Years	Twenty Days

No more than 5 days of accrued vacation may be carried over to the following year. Any days over the five-day limit will be forfeited. Any unused accrued annual leave is paid on an employee's termination if at least 10 working days notice is given.

All full time employees earn 4 hours of sick leave per month. No more than 40 hours can be accrued in a calendar year. A maximum of 40 hours can be carried to the following year. Pay in lieu of sick leave is not allowed. Any unused sick leave is forfeited upon termination. Therefore, no accruals for sick leave are reflected in these financial statements.

All full time employees will be given 1 day in the area and a maximum of 2 days out of the area of paid funeral leave. This is applicable only for the loss of a member of the immediate family—this includes spouse, children, grandparents, brothers, sisters, and grandchildren as well as in-laws. In-laws are defined as your present spouse's (and prior spouse's) immediate family.

An employee will also receive jury leave at his/her regular rate of pay if he/she notifies his/her immediate supervisor upon receiving a summons for jury duty and provides adequate proof of jury duty.

I. RETIREMENT SYSTEM

Employees of Tangipahoa Economic Development Foundation, Inc. participate in the Social Security System. Tangipahoa Economic Development Foundation, Inc. provides the matching portion of the Social Security contributions. Tangipahoa Economic Development Foundation, Inc. has no liability for any pension benefits.

TANGIAPAHUA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)
Year Ended June 30, 2003

Effective July 1, 1999, Tangipahua Economic Development Foundation, Inc. established a SIMPLE IRA Plan whereby the Organization matches three percent of employee contributions.

2. CASH & CASH EQUIVALENTS

As of June 30, 2003, Tangipahua Economic Development Foundation, Inc. had cash and cash equivalents totaling \$162,375, as follows:

Operating account	\$ 134,406
Payroll cash	260
Certification of deposit	27,709
Total	<u>\$ 162,375</u>

For purposes of the statement of cash flows, the Organization considers the certificates of deposit to be cash equivalents.

As of June 30, 2003, the Organization has \$134,168 in deposits (indirect bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. The remaining balance of \$34,168 is not insured.

3. COMMITMENTS

As of June 30, 2003, Tangipahua Economic Development Foundation, Inc. had the following leases. The first dated August 23, 2000, effective September 2001, for a term of one year with a monthly rental of \$600. A new lease was signed on August 31, 2002 effective September 1, 2002 with a monthly rental of \$600. These rentals are for the office space used by the Organization. The Organization also has a lease for a copy machine dated July 7, 1998, for a term of sixty months with a monthly rental of \$137. The minimum rentals on an annual basis for all leases are as follows:

Fiscal year ending 2003	\$ 8,644
Fiscal year ending 2004	1,200
Fiscal year ending 2005	0
Fiscal year ending 2006	0

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Tangipahoa Economic Development Foundation
P.O. Box 638
Hammond, Louisiana 70404

I have audited the financial statements of Tangipahoa Economic Development Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2002, and have issued my report thereon dated September 10, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Tangipahoa Economic Development Foundation, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Tangipahoa Economic Development Foundation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material to the financial

statements being audited may never and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness. However, I have noted other matters involving the internal control over financial reporting that I have reported to the Tangipahoa Economic Development Foundation, Inc., in a separate letter dated September 10, 2002.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Harvey, Louisiana
September 10, 2002

MANAGEMENT LETTER

Board of Directors
Tangipahoa Economic Development Foundation, Inc.
P.O. Box 660
Hammond, Louisiana 70404

Gentlemen:

In planning and performing my audit of the financial statements of Tangipahoa Economic Development Foundation, Inc. for the year ending June 30, 2002, I considered the Organization's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters, involving the internal control structure and other operational matters that are presented for your consideration. I previously reported on the Organization's internal control structure in my report dated September 10, 2002. This letter does not affect my report dated September 10, 2002, on the financial statements of Tangipahoa Economic Development Foundation, Inc.

I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

FINANCING NO. 1

BANK DEPOSITS

It was noted during the audit of cash that the Foundation is maintaining a cash balance in excess of FDIC insurance, and has no pledged security agreement with the financial institution.

RECOMMENDATION

Either move excess funds to another institution or obtain a pledged security agreement with the financial institution.

MANAGEMENT RESPONSE

We are presently looking into moving some of the bank balances to a different financial institution and will monitor the deposits in the future to make certain that we do not have any unsecured deposits in either bank.

I would like to thank you and your staff for the helpful cooperation I received during my audit.

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not to be intended to limit the distribution of this report, which is a matter of public record.



Kenneth J. Fisher, CPA

Baton Rouge, Louisiana

September 10, 2002